

REPORT OF THE AUDIT DEPARTMENT
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2001-2-E
SOUTH CAROLINA ELECTRIC & GAS COMPANY

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REPORT OF AUDIT DEPARTMENT

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SOUTH CAROLINA ELECTRIC & GAS COMPANY

INTRODUCTION

The Audit Department Staff has made an examination of the books and records of South Carolina Electric & Gas Company, Columbia, South Carolina, relative to the Commission's requirement under Docket No.2001-2-E, that periodic hearings be conducted before the Commission concerning the Adjustment of Base Rates for Fuel Costs.

CURRENT REVIEW PERIOD

The current examination of South Carolina Electric & Gas Company's retail Fuel Adjustment Clause covered the period of March 2000 through April 2001.

However, since the current hearing is scheduled for April 2001, Staff's audit work did not include any testing for the months of March and April 2001. The amounts of (over)/under-recovery for March 2001 and April 2001 were estimated for the purpose of adjusting base rates effective May 1, 2001. The estimates will be trued-up at South Carolina Electric & Gas Company's next hearing.

SCOPE OF EXAMINATION

The Commission's Audit Department's examination consisted of the following:

1. Analysis of Account #151 – Fuel Stock
2. Sample of Receipts to the Fuel Stock Account – Account # 151
3. Verification of Charges to Nuclear Fuel Expense – Account # 518
4. Verification of Purchased Power & Interchange
5. Verification of KWH Sales
6. Analysis of Spot Coal Purchasing Procedures
7. Review of the CSX Transportation Settlement Agreement
8. Recomputation of Fuel Costs Adjustment Factor, Verification of Unbilled Revenue
9. Recomputation of True-up for (Over)Under-Recovered Fuel Costs
10. Details of Fuel Costs

ANALYSIS OF ACCOUNT # 151 – FUEL STOCK

Staff's analysis of the Fuel Stock Account consisted of tracing receipts to and issues from the fuel management system to the General Ledger, reviewing monthly journal entries originating in fuel accounting, and ensuring that only proper charges are entered in the Company's computation of fuel costs for purposes of adjusting base rates for fuel costs.

SAMPLE OF RECEIPTS TO THE FUEL STOCK ACCOUNT –

ACCOUNT # 151

Staff's sample of receipts to the Fuel Stock Account consisted of randomly selecting transactions, tracing each of these transactions to a waybill and a purchase order for documentation purposes, and recalculating the transactions to insure mathematical correctness.

VERIFICATION OF CHARGES TO NUCLEAR FUEL EXPENSE –

ACCOUNT # 518

The Staff traced the expense amounts for nuclear fuel to the books and records for the period March 2000 through February 2001.

VERIFICATION OF PURCHASED POWER AND INTERCHANGE

Staff verified the Company's Purchased and Interchange Power Fuel Costs to summary sheets provided to the Company's Accounting Department by the Company's Operations Department. Some of the fuel costs and KWH purchases and sales for the months of July 2000, December 2000 and January 2001 were also traced to monthly invoices.

VERIFICATION OF KWH SALES

The Staff verified total system sales as filed in the monthly factor computation for the months of March 2000 through February 2001. This monthly figure was then used to determine the fuel cost per KWH sold.

ANALYSIS OF SPOT COAL PURCHASING PROCEDURES

The Audit Staff examined the procedure followed by the Company's fuel supply section for obtaining and accepting bids on spot coal. To achieve this,

Staff chose to examine two months of the audit period in which several spot coal bids were received. Staff examined spot coal bids received in the months of March 2000 and January 2001.

The fossil fuel supply section maintains a list of coal vendors from whom bids are solicited. South Carolina Electric & Gas mails each of these coal vendors a letter which states the necessary requirements for the coal the Company seeks, and the information needed concerning the coal producer and the fuel representatives' quality standards. The fuel representatives bargain over the price of the coal, and either accept or reject the coal vendor's offer. The Company's fuel representatives determine the current market price for spot coal prior to contacting the coal vendors about their bids. In this way, the fuel representatives determine the limits which should be observed when bargaining for coal. The fuel representatives consider at least three factors when accepting spot coal bids: the price per ton (including freight), the BTU content of the coal offered, and the past experience with the coal obtained from the producer. The Company normally requires all bids to be made in writing, but telephone bids are often received. However, South Carolina Electric & Gas Company requests that all telephone bids be confirmed by a subsequent letter.

Upon acceptance of a bid, South Carolina Electric & Gas Company prepares a confirming order, a copy of which is mailed to the coal vendor. When the coal is received at the plant, the Company analyzes the coal for moisture, ash, sulfur, and BTU content and prepares an analysis report which is sent to the fuel supply section. The appropriate quality premium or penalty on the coal

purchased is determined, and the results are forwarded to the Company's Accounting Section, which in turn, adds a premium or assesses a penalty to the total amount due to the coal vendor.

The fuel supply section closely monitors the quality of coal shipped by the various producers. If less than guaranteed performance is rendered by a certain producer, the fuel representative accesses this information and considers this when analyzing any future offers received from the supplier.

As previously mentioned, Staff examined spot coal bids received in the months of March 2000 and January 2001. The examination included reviewing any bids accepted and following the bargaining procedure on each bid.

During March 2000, out of approximately nine bids, the Company accepted four offers. During January 2001, out of thirteen bids, the Company accepted six offers.

The total spot coal tons purchased for the period March 2000 through February 2001 were approximately 1,629,866 tons.

REVIEW OF THE CSX TRANSPORTATION SETTLEMENT AGREEMENT

PSC Order No. 98-209, Docket No. 98-115-E, dated March 19, 1998, granted South Carolina Electric & Gas Company's (SCE&G or the Company) request for a Commission accounting order which would give SCE&G authorization to defer and to amortize a one-time payment incurred by the Company as the result of a Settlement Agreement, dated January 28, 1998, between SCE&G and CSX Transportation, Inc. CSX Transportation is one of the railroads that delivers coal to the Company's steam production facilities. The

agreement calls for the Company to make a one-time payment to the railroad. In return, the Company has received reductions in coal freight rates, decreased minimum tonnage requirements and certain other favorable financial and operating concessions that provide savings substantially in excess of the one-time payment, according to SCE&G. By agreement of the parties and Order of the U.S. District Court, the specific terms of the agreement are confidential.

The Company proposed that it be allowed to defer the one-time payment by charging Account No. 182.3 – Other Regulatory Assets. The balance in Account No. 182.3 would be amortized monthly to Account No. 501 – Fuel Expense in an amount equal to the savings realized through deliveries of coal at the reduced freight rates. It is expected that this balance would be written off in approximately three years, after which time the reductions in freight rates would serve to reduce ongoing fuel costs. Meanwhile, according to the Company, the savings derived from other provisions of the agreement, such as those resulting from decreased minimum tonnage requirements, will be immediately reflected in lower fuel costs and, thereby, provide benefits to customers currently.

During this audit review period of the Company's fuel adjustment clause, March 2000 through February 2001, Staff reviewed the freight savings, and thereby, the amortized amounts, by comparing the original CSX Transportation contract freight rates to the revised Settlement Agreement freight rates. Staff applied the difference between the rates to the applicable railroad coal tonnage deliveries. The amortized and final amount (freight savings) booked as of February 2001 totaled \$58,984.

RECOMPUTATION OF FUEL COSTS ADJUSTMENT FACTOR AND VERIFICATION OF UNBILLED REVENUE

The Audit Staff has recomputed the fuel adjustment factor utilizing information obtained from the Company's records.

With reference to fuel cost, Staff verified the Total Fuel Costs for the months of March 2000 through February 2001, to the Company's books and records.

In recomputing the factor, Staff has divided the Total Cost of Fuel Burned by Total System Sales to arrive at fuel costs per KWH sales. The base fuel cost per KWH, included in the base rates, is then subtracted from the fuel cost per KWH sales and the resulting figure represents the fuel cost adjustment above or below base per KWH sales. The South Carolina Retail Jurisdictional KWH deferrals were checked to the Company's records. The actual Unbilled Revenue for each month was verified to the Company's Detailed Ledger.

RECOMPUTATION OF TRUE-UP FOR (OVER) UNDER-RECOVERED FUEL COSTS

Staff analyzed the cumulative under-recovery of fuel costs that the Company had incurred for the period March 2000 through February 2001, which totaled \$60,454,498. Staff added the projected under-recovery of \$1,215,810 for the month of March 2001 and the projected "break-even" recovery of \$-0- for April 2001 to arrive at a cumulative under-recovery of \$61,670,308. The

Company's cumulative under-recovery as of April 2001, per its testimony in Docket No. 2001-2-E, totals \$61,610,678. The difference between the Company's and the Staff's cumulative under-recovery totals \$59,630. This difference is based on various corrections Staff reflected in various Company fuel costs, such as Fossil Fuel Burned Costs, Nuclear Fuel Costs, Purchase and Interchange Power Fuel Costs, and Intersystem Sales for several months of the review period (per Staff's report). Staff's Exhibit G, Computation of Unbilled Revenue, which consists of two pages, provides detailed explanations for this cumulative under-recovery difference of \$59,630. It should be noted that the Company will true-up this difference, on a per books basis, by the next fuel review period.

As stated in South Carolina Electric & Gas Company's Adjustment for Fuel Costs, fuel costs will be included in base rates to the extent determined reasonable and proper by the Commission.

Accordingly, the Commission should consider the under-recovery of \$61,670,308 along with the anticipated fuel costs for the period May 1, 2001 through April 30, 2002, for the purpose of determining the base cost of fuel in base rates effective May 1, 2001. This \$61,670,308 under-recovery figure was provided to the Commission's Utilities Department.

DETAILS OF FUEL COSTS

Details of fuel costs are shown in Exhibits A-G.

RESULTS OF EXAMINATION

Based on the Audit Staff's examination of South Carolina Electric & Gas Company's books and records, and the utilization of the fuel costs recovery mechanism as directed by this Commission, the Audit Department is of the opinion that the Company has complied with the directives of the Commission.

EXHIBITS

Exhibits relative to this report are identified as follows:

EXHIBIT A: TOTAL RECEIVED AND WEIGHTED AVERAGE COST

This exhibit reflects the total cost for the period March 2000 through February 2001, for the four types of fossil fuel: coal, # 2 oil, propane and natural gas. The Staff has also computed the weighted average cost of each type of fuel.

EXHIBIT B: RECEIVED COAL-COST PER TON (PER PLANT)

This exhibit shows the received cost per ton for coal at each plant for the period of time from March 2000 through February 2001, in dollars per ton including freight costs.

EXHIBIT C: RECEIVED COAL – COST PER TON COMPARISON

This exhibit reflects the received cost per ton for coal at each period of time from March 2000 through February 2001 for South Carolina Electric & Gas Company, Duke Power Company, and Carolina Power & Light Company. The Staff has shown for comparison purposes, the invoice cost per ton, freight cost per ton, total cost per ton and the cost per MBTU.

EXHIBIT D: BURNED COST-CONSUMED GENERATION

This exhibit reflects the per book cost of burned fuel, including emission allowance expenses, which was used for generation for the period March 2000 through February 2001. The burned cost of each class of fuel is separated and the percentage of total burned computed for each type.

EXHIBIT E: COST OF FUEL

The cost of fuel for the period March 2000 through February 2001 is shown in this exhibit.

EXHIBIT F: FACTOR COMPUTATION

This exhibit reflects the actual computation of the fuel adjustment factor for the period March 2000 through February 2001.

EXHIBIT G: COMPUTATION OF UNBILLED REVENUE

This exhibit reflects the computation of the unbilled revenue at April 30, 2001. The balance amounts to an under-recovery of \$61,670,308. This balance represents the difference between actual (with two months estimated) total fuel costs and unbilled fuel costs for the Company's retail customers for the period.

Audit Exhibit A

South Carolina Electric & Gas Company
Total Received and Weighted Average Cost
March 2000-February 2001

Month	Coal		#2 Oil		Propane		MCF	Gas		Total Received	
	Tons	\$	Gal	\$	Gal	\$		\$	\$	Cost	\$
Mar-00	461,254	17,319,946	475,956	424,510	380	393	17,428	71,977	17,816,826		
Apr-00	495,607	18,704,956	237,389	201,376	435	341	19,059	83,241	18,989,914		
May-00	523,700	19,714,234	290,381	236,691	0	0	212,741	1,017,712	20,968,637		
Jun-00	493,991	18,991,458	263,028	220,734	400	364	181,776	1,019,490	20,232,046		
Jul-00	628,037	23,580,108	192,214	170,189	485	441	190,127	1,125,088	24,875,826		
Aug-00	593,395	22,213,373	351,184	318,856	425	381	186,411	1,077,094	23,609,704		
Sep-00	617,786	23,095,908	265,254	283,017	400	398	27,956	166,028	23,545,351		
Oct-00	573,848	21,421,769	626,944	656,056	0	0	20,790	138,653	22,216,478		
Nov-00	542,710	20,489,062	649,035	700,544	493	495	44,257	282,847	21,472,948		
Dec-00	465,629	17,186,027	2,059,525	1,912,582	390	1,052	13,953	122,917	19,222,578		
Jan-01	533,139	20,598,990	2,250,677	2,205,502	0	0	24,335	259,189	23,063,681		
Feb-01	525,141	19,701,287	249,075	262,927	455	429	8,812	63,759	20,028,402		
Total	6,454,237	243,017,118	7,910,662	7,592,984	3,863	4,294	947,645	5,427,995	256,042,391		
Weighted Average	37.65		0.96		1.11		5.73				

Audit Exhibit B

South Carolina Electric & Gas Company
Received Coal-Cost Per Ton (Per Plant)
March 2000-February 2001

Plant	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Canadys	38.77	38.02	38.21	36.79	36.87	37.44	37.47	36.98	37.62	37.29	38.69	38.11
Cope	35.93	36.03	35.48	37.95	36.46	35.21	36.54	37.54	39.59	35.15	32.46	36.18
McMeekin	36.31	36.12	37.06	36.83	36.65	35.61	35.26	34.77	37.31	37.37	36.87	37.71
SRS/D Area	41.13	39.38	84.75	36.43	0	0	0	0	0	0	0	0
Urquhart	0	38.09	38.63	41.78	41.50	39.03	38.06	37.77	38.19	37.70	40.15	35.61
Wateree	36.80	37.32	37.38	38.64	36.65	37.59	37.11	37.24	37.24	36.56	38.54	37.14
Williams	38.82	39.34	38.86	39.21	38.74	38.72	38.39	38.20	38.02	36.77	38.55	38.22
Total System	37.55	37.74	37.64	38.45	37.55	37.43	37.38	37.33	37.75	36.91	38.64	37.52

South Carolina Electric & Gas Company
Received Coal-Cost Per Ton Comparison
March 2000-February 2001

<u>South Carolina Electric & Gas Company</u>				
	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost Per</u>	
<u>Month</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Mar-00	24.82	12.73	37.55	1.4737
Apr-00	24.93	12.81	37.74	1.4908
May-00	25.14	12.50	37.64	1.4663
Jun-00	25.61	12.84	38.45	1.4969
Jul-00	25.45	12.10	37.55	1.4749
Aug-00	24.71	12.72	37.43	1.4733
Sep-00	24.66	12.72	37.38	1.4615
Oct-00	24.88	12.45	37.33	1.4505
Nov-00	25.52	12.23	37.75	1.4821
Dec-00	24.86	12.05	36.91	1.4484
Jan-01	26.09	12.55	38.64	1.5132
Feb-01	25.51	12.01	37.52	1.5091

<u>Duke Power Company</u>				
	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost Per</u>	
<u>Month</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Mar-00	23.19	10.09	33.28	1.3466
Apr-00	22.81	10.16	32.97	1.3263
May-00	23.59	10.38	33.97	1.3542
Jun-00	23.47	10.32	33.79	1.3621
Jul-00	24.43	10.14	34.57	1.3993
Aug-00	23.72	10.30	34.02	1.3695
Sep-00	23.80	10.40	34.20	1.3801
Oct-00	23.81	10.10	33.91	1.3605
Nov-00	24.22	10.20	34.42	1.3833
Dec-00	23.60	10.37	33.97	1.3745
Jan-01	24.85	10.64	35.49	1.4435
Feb-01	25.27	10.64	35.91	1.4716

<u>Carolina Power & Light Company</u>				
	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost Per</u>	
<u>Month</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Mar-00	31.15	10.08	41.23	1.6613
Apr-00	30.49	10.88	41.37	1.6575
May-00	31.40	10.66	42.06	1.6677
Jun-00	31.08	11.72	42.80	1.7291
Jul-00	31.13	12.30	43.43	1.7415
Aug-00	30.08	11.55	41.63	1.6842
Sep-00	29.78	11.36	41.14	1.6540
Oct-00	29.48	11.63	41.11	1.6607
Nov-00	29.51	11.41	40.92	1.6561
Dec-00	30.06	11.49	41.55	1.6767
Jan-01	30.96	11.84	42.80	1.7225
Feb-01	31.08	11.65	42.73	1.7241

Audit Exhibit D

South Carolina Electric & Gas Company
Burned Cost-Consumed Generation
March 2000-February 2001

Month	Coal		#2 Oil		Propane		Gas		Nuclear		Total Burned
	\$	%	\$	%	\$	%	\$	%	\$	%	Cost
Mar-00	16,079,750	86.33%	269,353	1.45	143	0	68,991	0.37%	2,207,089	11.85%	18,625,326
Apr-00	9,913,301	80.52%	184,087	1.50	147	0	76,305	0.62%	2,138,022	17.36%	12,311,862
May-00	16,349,950	82.17%	281,430	1.41	199	0	1,017,530	5.11%	2,249,796	11.31%	19,898,905
Jun-00	18,876,051	85.91%	55,179	0.25	116	0	1,019,344	4.64%	2,021,169	9.20%	21,971,859
Jul-00	19,847,558	84.77%	202,621	0.86	398	0	1,118,812	4.78%	2,245,268	9.59%	23,414,657
Aug-00	20,273,040	85.57%	92,345	0.39	190	0	1,082,524	4.57%	2,242,907	9.47%	23,691,006
Sep-00	17,326,236	87.94%	93,147	0.47	117	0	165,999	0.85%	2,116,842	10.74%	19,702,341
Oct-00	16,683,782	95.84%	201,132	1.16	61	0	136,445	0.78%	386,867	2.22%	17,408,287
Nov-00	14,004,873	95.37%	369,936	2.52	358	0	276,401	1.88%	34,104	0.23%	14,685,672
Dec-00	17,060,388	89.21%	1,931,955	10.10	191	0	96,746	0.51%	33,513	0.18%	19,122,793
Jan-01	17,374,612	91.10%	1,424,191	7.47	159	0	237,839	1.25%	34,104	0.18%	19,070,905
Feb-01	13,877,673	94.17%	767,227	5.21	110	0	56,987	0.39%	34,104	0.23%	14,736,101
Totals	197,667,214	87.99%	5,872,603	2.62	2,189	0	5,353,923	2.38%	15,743,785	7.01%	224,639,714

Audit Exhibit E

South Carolina Electric & Gas Company
Cost of Fuel
March 2000-February 2001

<u>Month</u>	<u>Total Cost of Fuel Burned</u> \$	<u>Purchased and Interchange Power Fuel Cost</u> \$	<u>Fuel Cost Recovered Intersystem Sales</u> \$	<u>Total Fuel Cost</u> \$
Mar-00	18,625,326	3,178,263	(3,227,744)	18,575,845
Apr-00	12,311,862	6,827,970	(1,323,409)	17,816,423
May-00	19,898,905	6,541,970	(1,667,248)	24,773,627
Jun-00	21,971,859	7,879,796	(1,635,676)	28,215,979
Jul-00	23,414,657	8,027,095	(988,412)	30,453,340
Aug-00	23,691,006	8,085,469	(1,380,643)	30,395,832
Sep-00	19,702,341	5,972,359	(2,791,158)	22,883,542
Oct-00	17,408,287	9,918,612	(956,668)	26,370,231
Nov-00	14,685,672	18,674,093	(298,185)	33,061,580
Dec-00	19,122,793	20,789,447	(640,536)	39,271,704
Jan-01	19,070,905	27,330,023	(89,241)	46,311,687
Feb-01	14,736,101	14,849,018	(113,214)	29,471,905
Totals	224,639,714	138,074,115	(15,112,134)	347,601,695

South Carolina Electric & Gas Company
Factor Computation
March 2000-February 2001

Month	Total Fuel Costs	Total System Sales Excluding		Fuel Cost per KWH Sales	Base Cost Per KWH Included in		Fuel Adjustments Per KWH
		Intersystem Sales	KWH		Rates	\$/KWH	
Mar-00	18,575,845		1,485,091,116	0.012508	0.01337	0.01337	(0.00086)
Apr-00	17,816,423		1,505,192,615	0.011837	0.01337	0.01337	(0.00153)
May-00	24,773,627		1,665,043,693	0.014879	0.01330	0.01330	0.00158
Jun-00	28,215,979		2,024,390,370	0.013938	0.01330	0.01330	0.00064
Jul-00	30,453,340		2,116,139,926	0.014391	0.01330	0.01330	0.00109
Aug-00	30,395,832		2,050,757,938	0.014822	0.01330	0.01330	0.00152
Sep-00	22,883,542		1,925,808,078	0.011883	0.01330	0.01330	(0.00142)
Oct-00	26,370,231		1,646,153,115	0.016019	0.01330	0.01330	0.00272
Nov-00	33,061,580		1,552,166,347	0.021300	0.01330	0.01330	0.00800
Dec-00	39,271,704		1,824,821,654	0.021521	0.01330	0.01330	0.00822
Jan-01	46,311,687		2,001,825,022	0.023135	0.01330	0.01330	0.00984
Feb-01	29,471,905		1,594,254,203	0.018486	0.01330	0.01330	0.00519

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
March 2000 - April 2001

	ACTUAL						
	March 2000	April 2000	May 2000	June 2000	July 2000	August 2000	
Fossil Fuel Burned (2)	16,418,237	10,173,840	17,649,109	19,950,690	21,169,389	21,448,099	
Nuclear (2)	2,207,089	2,138,022	2,249,796	2,021,169	2,245,268	2,242,907	
Purchase & Interchange Power (2)	3,178,263	6,827,970	6,541,970	7,879,796	8,027,095	8,085,469	
Sub-total	21,803,589	19,139,832	26,440,875	29,851,655	31,441,752	31,776,475	
Less: Intersystem Sales (2)	3,227,744	1,323,409	1,667,248	1,635,676	988,412	1,380,643	
Total Fuel Costs	18,575,845	17,816,423	24,773,627	28,215,979	30,453,340	30,395,832	
Total System KWH Sales Excluding Intersystem Sales	1,485,091,116	1,505,192,615	1,665,043,693	2,024,390,370	2,116,139,926	2,050,757,938	
\$/KWH Sales	0.012508	0.011837	0.014879	0.013938	0.014391	0.014822	
Less: Base	0.01337	0.01337	0.01330	0.01330	0.01330	0.01330	
Fuel Adjustment Per KWH	(0.00086)	(0.00153)	0.00158	0.00064	0.00109	0.00152	
Unbilled Revenue KWH Sales	1,395,916,469	1,421,579,211	1,555,018,678	1,910,007,602	1,997,642,714	1,933,782,766	
Deferred Fuel Entry	(1,200,488)	(2,175,016)	2,456,930	1,222,405	2,177,431	2,939,350	
February 2000 - (1)	9,124,599						
Cumulative (Over)/Under Recovery	7,924,111	5,749,095	8,206,025	9,428,430	11,605,861	14,545,211	

Note:

(1) Staff's cumulative over-recovery balance brought forward from February 2000 of \$9,124,599 differs from the Company's beginning cumulative under-recovery balance (from February 2000) of \$8,473,749 by \$650,850. This cumulative difference was based on Staff's corrections to Fossil Fuel Burned Costs, Nuclear Fuel Costs, Purchased Power Costs and Intersystem Sales for several months, as reflected in the last fuel review period. It should be noted that the Company, in its testimony, reflects this cumulative correction of \$650,850 in May 2000.

(2) (a) Staff's Fossil Fuel Burned Costs figures for 4/00, and for 8/00 through 2/01 differs from the Company's figures. Staff's figures reflect corrections for miscalculations made to fossil fuel costs and also, reflects a Norfolk Southern freight refund in 12/00. (b) Staff's Nuclear Fuel Costs figure for 10/00 differs from the Company's figure because Staff's figure reflects a corrected nuclear fuel cost (Company recorded the wrong figure). (c) Staff's Purchased Power figures for 4/00, 9/00, 10/00, 12/00 and 1/01 differ from the Company's figures. Staff's figures, per Staff's report, reflect calculation adjustments made to Purchased Power Costs for the aforementioned months, based on Staff's review of Purchased Power system operations reports and invoices. (d) Also, Staff's Intersystem Sales figures for 9/00, 10/00 and 1/01 differ from the Company's figures. Staff's figures, per Staff's report, reflect calculation adjustments made to Intersystem Sales for the aforementioned months, based on Staff's review of Intersystem Sales system operations reports, invoices and updated Sales information.

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
March 2000 - April 2001

	ACTUAL					ESTIMATED		
	September 2000	October 2000	November 2000	December 2000	January 2001	February 2001	March 2001	April 2001
Fossil Fuel Burned (2)	17,585,499	17,021,420	14,651,568	19,089,280	19,036,801	14,701,997	10,208,000	8,661,000
Nuclear (2)	2,116,842	386,867	34,104	33,513	34,104	34,104	2,047,000	2,192,000
Purchase & Interchange Power (2)	5,972,359	9,918,612	18,674,093	20,789,447	27,330,023	14,849,018	10,129,000	10,460,000
Sub-total	25,674,700	27,326,899	33,359,765	39,912,240	46,400,928	29,585,119	22,384,000	21,313,000
Less: Intersystem Sales (2)	2,791,158	956,668	298,185	640,536	89,241	113,214	-	317,000
Total Fuel Costs	22,883,542	26,370,231	33,061,580	39,271,704	46,311,687	29,471,905	22,384,000	20,996,000
Total System KWH Sales Excluding Intersystem Sales	1,925,808,078	1,646,153,115	1,552,166,347	1,824,821,654	2,001,825,022	1,594,254,203	1,587,000,000	1,579,000,000
\$/KWH Sales	0.011883	0.016019	0.021300	0.021521	0.023135	0.018486	0.014105	0.013297
Less: Base	0.01330	0.01330	0.01330	0.01330	0.01330	0.01330	0.01330	0.01330
Fuel Adjustment Per KWH	(0.00142)	0.00272	0.00800	0.00822	0.00984	0.00519	0.00081	0.00000
Unbilled Revenue KWH Sales	1,829,685,483	1,555,682,623	1,459,293,034	1,709,235,198	1,899,931,798	1,513,756,672	1,501,000,000	1,491,000,000
Deferred Fuel Entry	(2,598,153)	4,231,457	11,674,344	14,049,913	18,695,329	7,856,397	1,215,810	0
August 2000 - (p. 1 of 2)	14,545,211							
Cumulative (Over)/Under Recovery	11,947,058	16,178,515	27,852,859	33,902,772	52,598,101	60,454,498	61,670,308	61,670,308

Note: (2) Continued

It should be noted, per the Company's testimony, that the Company made some true-up adjustments to the various fuel costs, which Staff reflected correctly in the actual months. The Company's true-up adjustments were in 1/00 (for overstated fossil and understated nuclear fuel costs), 12/00 (write-off of undercollected fuel costs), 1/01 (Norfolk Southern freight refund and understated gas costs), and 2/01 (for overstated fossil fuel and purchase power costs). Also, it should be noted that in Staff's report, after Staff's corrections to the aforementioned various fuel costs, the difference between the Company's and the Staff's cumulative under-recovery balances as of actual February 2001 and as of estimated April 2001 is \$59,630. The Company will true-up this difference, on a per book basis, by the next fuel review period.

(3) The Company's adjustment to the deferred fuel account for the write-off of \$8,000,000 in undercollected fuel costs.